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Our Universities: Resource Flows

Sixth in a series on state funding for higher education

If we measure the value of an educational institution solely by the number students enrolled, the number of degrees produced, the research dollars garnered, the books written, the paintings or plays produced, the number of people employed, the cost per student, or the impact on economic development for a city or region, a state or nation, we miss the mark. However, we also fail if we neglect these measures. If we neglect our collective ability to alter the course of life for a single student, we miss the mark. This is the confounding reality of a serious university.

Walter V Wendler

In a Texas Higher Education Coordinating Board report from January 2011, certain trends are clearly shown across institution types. The impact of declining state support over the past forty years has been significant, but the effect has not led to the fiscal collapse of public universities.

Today, public universities, especially the research universities, are state *assisted*. The majority of funds for public research universities do not come from the statehouses to which they report. Private sources now provide most of the funding that supports the public missions of our universities.

As the amount of scholarship, creative work and research produced by faculty for peer review increases, the reputation of a university goes up. With offsetting donations and commitments, state contributions can go down without having the university founder. The University of Virginia gets less than 8% of its funding from Richmond, according to Bloomberg business, while the University of Texas receives less than 14% of its operating costs from Austin. Their research reputations have allowed them to continue to provide superior benefits to their students and the community, though their state appropriations are only 25% of what they were four decades ago as a percentage of operating costs.

Despite the energies they devote to public service, and local, state and national economic development, the nation's research institutions produce more graduates per 1000 students enrolled (236) than do public regional institutions (233.) According to ***Trends in College Spending: A Report of the Delta Project 2011***, these numbers remained relatively flat throughout the last decade.

When faculty members teach, research and generate the resources that support their research, they model two of the most important lessons a university can offer its students. They show men and women engaged in their communities and show them taking individual responsibility for bettering the world.

An increase in the number of employees relative to the number of students enrolled in a university does not necessarily represent waste. Spending over all employee categories and across all types of universities has decreased over the ten-year study period. People are expensive, but payroll isn't expanding budgets.

Administrative bloat isn't evident either. Nationally, administrative personnel totaled 4.9% of all human resources at research universities in 2008, according the ***Trends*** report. Every other institutional type surveyed showed proportionally more administrative personnel. The myth that research universities are plump with smooth-handed administrators doing little or no work may be true at a few institutions, but is not the case at all, or even most of them.

Sometimes costs go up for positive reasons:

New enterprise - Research and public service projects with external funding sources add expenses to the cash flow statement, but also add compensating value, including educational opportunities for students.

Multiple educational paradigms— Spending time outside of classrooms in laboratories, offices and studios; investigating, studying and creating ideas and things of interest to the faculty, and of value to society and the university has great value to students. Good faculty members initiate students into their perpetual-motion worlds of thinking and doing, creating and sharing.

Education can happen anywhere – at a national research university or a community college - a willing teacher and an engaged student interact. Progress occurs when an educated person has the right tools to answer new questions. Universities catalyze progress by making sure that the right resources and the people with the drive and ability to use them are available to each other. The risk of the current trend is to the public, not the university. Private funding works. But states must remain vigilant to ensure private funding doesn't lead to the usurpation of the public good universities represent.

Universities are political constructs, places of patronage, general employment, economic development and well-being that improve society and the quality of life for many stake holders. But they are first and foremost places where willing students come to learn about the world and their place in it, and where devoted educators come to teach and expand the sum of human knowledge.